



# City of Milwaukee

## Meeting Minutes

City Hall  
200 East Wells Street  
Milwaukee, WI 53202

### CONVENIENT LENDING TASK FORCE

**ALD. JOE DAVIS, Chair**

**Ald. Terry Witkowski, Vice-Chair, Chris Callen, Kathryn Crumpton, Dorothy Dean, Dimitri Jordan, Anna Ruzinski, Bethany Sanchez, Jim Walrath, Bobbie Webber Jr.**

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**Monday, May 8, 2006**

**9:00 AM**

**City Hall, Room 301-B**

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#### **Meeting Convened: 9:09 A.M.**

*Members Present: Ald. Davis, Deputy Inspector Ruzinski, Ms. Dean, Ms. Sanchez, Ms. Crumpton, Mr. Franitza, Mr. Callen.*

*Members Excused: Ald. Witkowski, Mr. Webber Jr., Mr. Walrath.*

*Ald. Witkowski arrived at 9:30 A.M.*

#### **Review and approval of the minutes of the April 7, 2006 meeting.**

*Motion by Deputy Inspector Ruzinski to approve the minutes of the April 7, 2006 meeting.*  
*Seconded by Ms. Dean.*

#### **1) Review of Final Draft and Recommendations**

*Members of the Convenient Lending Task Force made the following amendments to their final report and recommendations:*

*Page 3 - Added to the Table of Contents*

*CRC alternative to check-cashing establishments (Appendix R).*

*City of Philadelphia legislation relating to depository requirements (Appendix S).*

*Acknowledgements on page 24 deleted and moved to page 3.*

*Page 8*

*\*Paragraph 1*

*As noted previously, the convenient lending industry is made up of payday lenders, title loan lenders and currency exchanges. The nature of this type of business is to appeal to a segment of the population that is either distrustful of traditional lending institutions or unable to use them because of credit issues. Additionally, convenient lending establishments enjoy success among lower-income and minority consumers because mainstream financial institutions (banks, savings banks and credit unions) who do not offer the products and services these consumers want, or do not market them effectively.*

*\*Paragraph 6*

*What is the appeal of a payday loan? It's quick – all you need is a steady source of income and a checking account. Credit is not a consideration for payday loan customers who may not qualify for a traditional loan or have a credit card. Payday loan amounts are small and generally intended to cover an emergency. A payday loan might be used for car repairs, to stop a utility disconnection, medical emergency or to cover a gambling debt. As a rule, banks and credit unions do not write loans for under \$1000. The payday loan is the type of loan that wouldn't be needed if there were money in a savings account or a relative, the borrower could ask to borrow money from. The Borrowers say that payday loans are easy to understand, with a fee that is upfront and no hidden costs.*

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*\*Paragraph 4*

*In conversations with DFI officials, Task Force members learned that DFI is not at this time proposing any legislation or administrative rules to "toughen up" state regulations of convenient lending establishments. Thus, any changes in state law will need to be initiated at the "grass roots" level, with sponsorship by assembly and senate members who can get things done with help from such businesses through zoning.*

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*\*RECOMMENDATIONS OF THE TASK FORCE*

- 1. The Wisconsin Department of Financial Institutions should amend its "Loan Company Annual Report" form (specifically, Schedule B of the form) to require loan companies to include information on the geographic distribution of their customers (e.g., distribution of customers by ZIP code or census tract). The Department of Financial Institutions should also make this information, at the Zip code or census tract level, available to the general public. In addition, DFI should collect and disseminate data on the value of the loan that distinguishes between the amount loaned (principal), the amount of finance charges and the amount of attributable to fees.*
- 2. The Milwaukee Police Department, the Legislative Reference Bureau and the City Attorney should be directed to work together to explore options for tightening or creating City ordinances relating to regulation of the convenient lending industry. One such ordinance might set forth security requirements (e.g., store opening/closing procedures and requirements for security cameras, employee lists and parking-lot lighting) that are both enforceable and legal. This City working group may wish to consider regulations similar to those adopted by Oakland, California (Appendix Q).*
- 3. The Milwaukee Common Council should take advantage of opportunities to comment on bank mergers and acquisitions, as provided for in the federal Community Reinvestment Act ("CRA") by seeking advise and assistance from the Department of Neighborhood Services, the Comptroller's Office and the Department of Administration. The city should use CRA comment letters to encourage banks to open additional branches in low and moderate-income neighborhoods where check cashers and payday loan establishment are concentrated and no financial institutions exist. As a basis for the City's comment letter, the Metropolitan Milwaukee Fair Housing Council can provide city staff with data on the records of various banks as far as lending, branching and serving their communities.*

4. *The city of Milwaukee should meet with lenders financial institutions that want to close offices in low and moderate-income neighborhoods to discuss the needs of those communities and how those needs, will be met without a institution nearby.*

5. *The city of Milwaukee should encourage financial institutions to provide the community with alternatives to check-cashing establishments. As an example, the California Reinvestment Coalition is advocating for a low-fee deposit account, known as the "Essential Bank Account," that would serve as a point-of-entry to the financial mainstream for people not served by traditional financial institutions (see description in Appendix R). Locally, the Legacy Bank currently offers something similar through its "First Accounts" product.*

6. *The city of Milwaukee should meet with representatives of Milwaukee County and other municipalities within the county to ask them to join with the city in forming and funding a comprehensive plan to help educate residents about the costs of doing business with convenient lending establishments such as payday lenders, check cashers and predatory home mortgage lenders.*

7. *The city of Milwaukee should adopt legislation that requires each depository of the city funds (e.g. bank in which the city deposits funds) to prepare a strategic plan that addresses how the depository will address disparities in its lending and investment practices and how it will match or exceed the lending performance of its peers in targeting capital access and credit needs identified in disparity studies. Similar legislation was recently adopted by the city of Philadelphia (see Appendix S).*

8. *The city of Milwaukee should sponsor a conference in partnership with Wisconsin Financial Institutions on alternatives to convenient lending to which Milwaukee-area lenders and other relevant organizations would be invited. Featured speakers/presenters at this conference should include, but not be limited, representatives of Prospera Credit Union, which operates the "GoodMoney" facility in an Appleton-area Goodwill Store, and the Real Solutions program, a collaborative effort of the Filene Research Institute, the Wisconsin Credit Union League and various credit unions that offer assistance in developing alternatives to payday lending.*

9. *A request by the Common Council that the Wisconsin Department of Financial Institutions should research and prepare a report on the "pros" and "cons" of legislation that would regulate payday lenders in the same manner that pawnbrokers are already regulated, particularly with respect to maximum interest rates/fees on loans.*

10. *The city of Milwaukee should continue to administer the distance requirements for convenient cash businesses currently found in the Zoning Code, monitor the effectiveness of these requirements and amend the Code as appropriate. In addition, city staff from the Department of City Development, Legislative Reference Bureau and City Attorney's Office should investigate the possibility of creating additional regulations limiting the number of convenient cash businesses on a density basis (similar to what some municipalities in State of Utah have done, Appendix O).*

*Ms. Dean requested extra copies of the final report and recommendations upon finalization of the report.*

*Ald. Davis informed members that he has future plans to speak publicly, on community radio, to announce the findings and recommendations of the Convenient Lending Task Force. He encouraged task force members to join him; he assured them that they would*

*be notified of the time of any public speaking events, in addition to any other outcomes relative to the report and recommendations of the task force.*

*Ald Davis adjourned the meeting, by thanking members for their time and expertise in the research and development of the final report and recommendations related to convenient lending establishments in the city of Milwaukee.*

**Meeting Adjourned: 10:20 A.M.**

*Diana Morgan  
Staff Assistant*